

## **EXHIBIT G**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE: . Case No. 05-44481  
DELPHI CORPORATION, et al, . New York, New York  
Debtors. . Tuesday, March 21, 2006  
10:02 a.m.

TRANSCRIPT OF SECTION 1102(a)(2) EVIDENTIARY HEARING  
BEFORE THE HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: John Wm. Butler, Jr., Esq.  
David E. Springer, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
333 West Wacker Drive, Suite 2100  
Chicago, Illinois 60606  
Kayalyn A. Marafioti, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
Four Times Square  
New York, New York 10036

(Appearances continued)

Audio Operator: Electronically Recorded  
by Greg White, ECRO

Transcription Company: Rand Transcript Service, Inc.  
311 Cheyenne Road  
Lafayette, New Jersey 07848  
(973) 383-6977

Proceedings recorded by electronic sound recording,  
transcript produced by transcription service.



1 A P P E A R A N C E S: (Continued)

2 For Appaloosa  
3 Management, LP:

Thomas E. Lauria, Esq.  
Rudolph F. Aragon, Esq.  
Frank L. Eaton, Esq.  
WHITE & CASE, LLP  
Wachovia Financial Center  
200 South Biscayne Boulevard  
Suite 4900  
Miami, Florida 33131

7 Glenn M. Kurtz, Esq.  
8 Douglas P. Baumstein, Esq.  
9 WHITE & CASE, LLP  
1155 Avenue of the Americas  
New York, New York 10036

10 For the U.S. Trustee: Alicia M. Leonhard, Esq.  
11 U.S. DEPARTMENT OF JUSTICE  
12 Office of the U.S. Trustee  
33 Whitehall Street, Suite 2100  
New York, New York 10004

14 For the Official Committee  
15 of Unsecured Creditors: Robert J. Rosenberg, Esq.  
John W. Weiss, Esq.  
LATHAM & WATKINS, LLP  
16 53rd at Third, 885 Third Avenue  
New York, New York 10022

18 For JPMorgan, et al: Kenneth S. Ziman, Esq.  
Robert Trust, Esq.  
19 SIMPSON, THACHER & BARTLETT, LLP  
425 Lexington Avenue  
20 New York, New York 10017

21

22

23

24

25

Sheehan - Cross/Aragon

152

1 dividends, did it not?

2 A Yes, sir.

3 Q And the company, in the year 2005, for the first quarter,  
4 paid a dividend. Am I correct?

5 A Yes, sir.

6 Q Now, the second quarter of 2005, the company paid a  
7 dividend then or for that quarter, as well, did it not?

8 A Yes, sir.

9 Q And that dividend was voted on by the board of directors  
10 at a meeting of the board on June 22nd, 2005, right?

11 A Yes, sir.

12 Q You attended that meeting, when the board voted on that  
13 dividend. Correct, sir?

14 A Yes sir.

15 Q And Mr. Resnick, who is going to come and testify as an  
16 expert and as the investment banker and financial advisor of  
17 the company since May the 1st of 2005, he was at that  
18 meeting, as well, was he not?

19 A Yes, sir.

20 Q And the board voted on that dividend on June the 22nd,  
21 2005 and it was actually paid on August the 2nd, 2005, was it  
22 not?

23 A Yes, sir.

24 Q And that was Delphi's last dividend payment. Correct,  
25 sir?

Sheehan - Cross/Aragon

153

1 A Yes, sir.

2 Q And so, there was a dividend payment made on August the  
3 2nd, 2005 to all 561,000 -- 561 million -- strike that.

4 There was a dividend payment made to all of the over 300,000  
5 owners of Delphi stock as of August the 2nd, 2005, right?

6 A A dividend was paid to all of our shareholders, yes.

7 Q Right. And it was a dividend of one-and-a-half cents per  
8 shareholder -- or per share, right?

9 A That's what the board agreed on.

10 Q And at that time, on August the 2nd, 2005, when this  
11 dividend was paid, there were over 561 million shares of  
12 Delphi common stock issued and outstanding, correct?

13 A Approximately, yes.

14 Q Now, Delphi is a Delaware company, is it not, sir?

15 A Yes, sir.

16 Q And it's been a Delaware company since you first came on  
17 board with the company in July of 2002, right?

18 A Yes, sir.

19 Q And the company and the board always attempted to comply  
20 with Delaware corporate law, I take it. Is that correct?

21 A Yes, sir.

22 Q Now, under Delaware, you are aware, are you not, Mr.

23 Sheehan, that in order to pay a dividend, a company has to

24 have a surplus or the company has to have profits for the

25 fiscal year in which a dividend was paid or the previous year

Sheehan - Cross/Aragon

154

1 to that. You know that, don't you?

2 A That is my understanding, yes.

3 Q Now, Delphi didn't have profits for the fiscal year 2005,  
4 did it?

5 A The year 2005 was in progress at that point in time.

6 Q There was no profits, though, that year, were there?

7 A During the period of time up until the board meeting in  
8 June of 2005, for that shortened period of a year, interim  
9 period, yeah, that's correct.

10 Q And the company did not have profits for the previous  
11 year, 2004, did it?

12 A No, sir.

13 Q So to pay a dividend, and therefore, to be in compliance  
14 with Delaware law that you understand, the company would have  
15 to have had a surplus. Isn't that true?

16 A Yes, sir.

17 Q And you understand, do you not, sir, that to have a  
18 surplus, a company has to have an excess of net assets over  
19 the capital of the company, right?

20 A Yes, sir.

21 Q And net assets are defined as the assets of the company  
22 minus the total liabilities, right?

23 A Yes, sir.

24 Q And then from that, you deduct the capital, correct, in  
25 order to get the surplus?

1 A Yes, sir.

2 Q All right. In fact, you yourself made that calculation,  
3 did you not, prior to that meeting on July or June the 22nd,  
4 2005?

5 A I considered that matter, yes.

6 Q You made that calculation in your head, didn't you?

7 A That's what I testified to. Yes, sir.

8 Q Right. And you made that calculation along with a couple  
9 of members of the legal staff of Delphi, didn't you?

10 A The legal staff explained to me the Delaware law with  
11 respect to the matter.

12 Q So the legal staff knew you had to have a surplus and  
13 they wanted to make sure that you did that calculation and  
14 you did the calculation and bingo, you came up with a  
15 positive surplus, correct?

16 A As it was explained to me that Delaware law considered  
17 the definition.

18 Q Right. The legal staff and you wanted to make sure you  
19 didn't make a dividend payment that was contrary to Delaware  
20 law, so that's why they had you do that, right?

21 A The issue of surplus was considered for a number of  
22 reasons and not just the one you're referring to.

23 Q Now, sir, in order to have a surplus, the company has to  
24 have, as we just talked about it, net assets that are over  
25 net liability. Isn't that right? That would have to be the

1 case.

2 A As defined by Delaware law and case law, yes.

3 Q Right. And in order to be legal under Delaware law, both  
4 when the vote was made on June 22nd of 2005 and when the  
5 dividend was paid on August the 2nd, 2005, the company has to  
6 have had net assets that were bigger than the net liabilities  
7 in order to have a surplus, correct?

8 MR. BUTLER: Your Honor, that's a legal conclusion,  
9 as he testified. I have no problem with this line of  
10 questioning after that point in time, but that's a legal  
11 question.

12 THE COURT: Can you say the question again?

13 MR. ARAGON: I'm not sure if I could repeat that  
14 again. I was on a roll, sir, so --

15 (Laughter.)

16 MR. ARAGON: But I'll try it again.

17 BY MR. ARAGON:

18 Q So when the company voted on the dividend on June 22nd,  
19 2005, and when the dividend was actually paid on August the  
20 2nd, 2005, the company had to have had a surplus, which means  
21 that the company would have had to have net assets that  
22 exceeded net liabilities. Isn't that correct?

23 A As defined by Delaware law and case law, yes.

24 Q Okay. Now, at the time the dividend was paid, August the  
25 2nd, 2005, about two months prior to the filing of this



Sheehan - Cross/Aragon

157

1 bankruptcy, the company had not come to any conclusion about  
2 being insolvent, had it?

3 A No, sir.

4 Q In fact, you thought you were solvent. That's why you  
5 paid the dividend, right?

6 A Yes, sir.

7 Q Okay. Now, the company, though, on October the 8th,  
8 2005, announced to the world that it was insolvent. Isn't  
9 that right?

10 A No, sir. We announced that we were filing for a  
11 reorganization.

12 Q There's no question, is there, sir, that by December the  
13 7th, 2005, this would be four months after the payment of the  
14 dividend on August the 2nd, 2005, the company responded to  
15 Appaloosa's motion by stating that it was hopelessly  
16 insolvent and it used the words hopelessly insolvent. Isn't  
17 that true?

18 A In a letter to the U.S. Trustee, in response to her  
19 request, we stated those words, yes.

20 Q And I take it, sir, as the chief restructuring offer of  
21 the company, you personally believed that Appaloosa was  
22 hopelessly insolvent, even though just four months prior to  
23 that --

24 MR. BUTLER: Delphi.

25 MR. ARAGON: Delphi. Excuse me. We'll start again.